New Jersey Environmental Infrastructure Financing Program: Clean Water Projects

The New Jersey Environmental Infrastructure Financing Program (**EIFP**) is a partnership between the NJ Department of Environmental Protection and the NJ Environmental Infrastructure Trust. It was created by the legislature to provide low-cost financing to local governments and private water purveyors for the construction of wastewater infrastructure, landfill construction and closure, and nonpoint source management projects, including open space land acquisition and remedial action activities like brownfields restoration.

Financing Through the EIFP

EIFP borrowers receive two loans, a **0% interest loan from the DEP** and a market rate loan from the sale of the Trust's AAA rated tax-exempt bonds. Some projects will receive 75% of the total loan from the DEP and 25% from the Trust, making their loan **¼ of the market rate**. Projects that will qualify for the 75/25 financing:
-Projects serving a designated Urban Center or Urban Complex
-Combined sewer overflow projects
-Open space land acquisition projects.

All other projects will receive 50% of the total loan from DEP and 50% from the Trust, making their loan **½ of the market rate**.

Advantages of Borrowing Through the EIFP

- **Lowest Interest-**Loans at ¼ or ½ of the market rate
- **Reduced financing costs-** Borrowers benefit from reduced costs due to the economies of scale of a pooled bond issue, bond insurance is rarely needed, interest may capitalized and principal payments deferred during construction, and the debt service reserve fund is capitalized by the state.
- **Match to other funding programs**–EIFP loans are not limited and can be used to supplement grants and other loan programs.

How to Qualify

October 1 of each year is the deadline for submitting a commitment letter and planning documents to qualify for a loan award in **November** of the following year.

Pre-Award: Applicants may receive authorization to proceed with a project prior to the loan award.

Short-term Financing for work prior to loan award is also available through the EIFP.

What Can Be Funded

Wastewater projects

- Secondary and advanced wastewater treatment facilities
- Infiltration and inflow correction
- Interceptors pumping stations, force mains

- Sewer system rehabilitation
- New collection systems
- Correction of combined sewer overflows

Stormwater Pollution Control

Any stormwater project that demonstrates water quality improvement may be eligible for funding. Here is a partial list:

- Stormwater management systems or facilities
- Expansion of existing basins for flood control
- Construction of regional basins
- Major stormwater system rehbilitation
- Replacement of existing storm drains
- Purchase of equipment such as street sweepers, skimmer boats, and netting on outfalls
- Rehabilitation of tide gates
- Extension of outfall points
- Projects to improve water quality such as salt storage, feedlot manure runoff controls, and streambank stabilization or restoration

Open space land acquisition and conservation

Land acquisition financed through the EIFP must demonstrate a water quality benefit. Head waters, stream corridors, wetlands, watershed protection, and aquifer recharge areas are among types of land that would qualify.

Lands purchased through the EIFP may not be developed, but may be used for limited passive recreational activities.

The EIFP supports other open space initiatives, such as the Green Acres Program, Federal Programs, and local programs such as county and municipal open space taxes. Therefore, if only part of the tract qualifies or other sources of funding are available, borrowers may opt to finance a portion of the parcel through the EIFP.

Landfill closure projects

The EIFP provides financing to publicly-owned landfills for closure projects that are directly related to water quality protection. The following are some examples of projects:

- Capping systems
- Leachate collection, storage and treatment systems
- Side slope seepage prevention and controls
- Gas condensate systems
- Active and passive gas collection systems
- Monitoring wells and equipment
- Landfill reclamation/reduction in lieu of capping
- Stormwater runoff controls
- Intermediate cover prior to final closure

Landfill construction projects

The EIFP provides financing to publicly-owned landfills for construction projects that prevent, reduce, or control the generation of leachate or are required for the collection, storage, and treatment of leachate. The following are some of the leachate controls that may be eligible:

- Landfill liner systems
- Leachate removal or collection systems
- Toe-drains and cut-off walls

- Leachate sampling facilities and equipment
- Leachate storage lagoons, tanks, tank covers, and aeration systems
- Leachate evaporation systems
- On-site leachate treatment facilities
- Tank trucks to transport leachate to POTW or sewer system manhole
- Sewer connection to municipal sewer system
- Barge shelters, containment booms, litter fences and other means to prevent solid waste from entering and polluting adjacent waters

Remedial Action Activities

- Contaminated sites cleanup
- Spill cleanups
- Treatment of contaminated groundwater
- Brownfields restoration

Security such as fencing, lighting, motion detectors, and cameras.

How Clean Water Projects Are Prioritized For Funding

To decide which clean water projects get funded, a priority system was created. The system, which was first developed in 1982, is constantly evolving. Historically, the state's highest priority was to upgrade primary treatment plants to achieve secondary levels, thereby significantly reducing pollutant discharges. With the elimination of primary facilities in New Jersey, the primary discharge category has been deleted from the priority system-a major milestone that signals progress is being made under the state's financing programs. The state's highest priority wastewater needs now include combined sewer overflows (CSOs) and major pipe rehabilitation to stop discharges of raw sewage. These types of problems are frequently found in older urban areas, where pollution impacts streams and rivers near large population centers and where the cost to correct these problems is a serious concern. Priority is also placed on projects in coastal areas, where pollution impacts from outdated sewage treatment and conveyance systems can harm the shore environment and the tourism industry.

To prioritize wastewater projects under the Environmental Infrastructure Financing Program, the division uses a point system, which ranks projects based on the nature of the wastewater problem. In addition, projects discharging to surface waters receive points that reflect the existing uses of the waterway. These uses include drinking water supplies, boating, fishing, swimming, and water used for industrial or agricultural purposes. The point values reflect the relative priority of the water uses, with drinking water and recreational uses being the highest priorities. Points are also given to projects that would eliminate failing septic systems, a public health threat.

Finally, projects receive points that correlate with an area's existing water quality when compared with the Department's water quality standards. The more polluted an area is, the higher the ranking points it receives.

After a project's discharge, water use, and water quality points have been compiled, it is placed on a priority list in rank order. In the case of a tie, areas designated by the State Planning Commission receive highest priority and, if still tied, the higher priority is given to the project that serves the greater number of people.

Funding from the Environmental Infrastructure Financing Program is made available to projects in the order they appear on the list. While a project's rank is important, a lower ranked project may still be able to secure financing if it meets planning, design, and loan application dates, or, if sufficient monies are not available, it may be able to receive "pre-award approval" to start construction and receive loans for reimbursement of costs in a future year.